GOVERNMENT OF INDIA
PETROLEUM AND NATURAL GAS
LOK SABHA

STARRED QUESTION NO:241
ANSWERED ON:07.12.2006
TRANSFER OF OIL WELLS BLOCKS
Thummar Shri Virjibhai

Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether the oil wells/blocks discovered by the Oil and Natural Gas Corporation and other public sector oil companies are being transferred to the multinational companies and other private companies;

(b) if so, the reasons therefor;

(c) whether the said multinational companies and private companies are not bearing the costs of oil and gas explorations incurred by the ONGC and other Public undertakings and taking all the benefits;

(d) if so, the reaction of the Government thereto; and

(e) the corrective steps taken by the Government in this regard?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF PETROLEUM & NATURAL GAS (SHRI MURLI DEORA)

(a) to (e): A Statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (e) OF LOK SABHA STARRED QUESTION NO. 241 TO BE ANSWERED ON 07.12.2006 REGARDING TRANSFER OF OIL WELLS / BLOCKS.

(a) & (b) In order to explore the sedimentary basin of India and augment domestic supply of oil and natural gas, the Government has put in place a policy called New Exploration Licensing Policy (NELP) in the year 1997 for award of exploration acreages to domestic and foreign companies through the process of international competitive bidding. These awards lead to signing of Production Sharing Contracts (PSCs) between the Government and the awardee companies. Prior to this Policy, the Government had offered medium and small sized discovered fields of National Oil Companies (NOCs) under the `Discovered Field Policy`in two rounds in the year 1992 and 1993.

(b) The main reasons for offering these fields were - lack of foreign exchange, induction of technology and putting these fields quickly on production.

(c) to (e) The criteria for evaluation of bids were based on the total Government take and the companies were asked to reimburse for the past costs incurred by ONGC / OIL to the extent possible. In addition, signature bonus and production bonus were also payable to ONGC / OIL. Under the PSCs, the Government gets royalty, cess and profit petroleum in terms of the provisions of the respective PSCs. Therefore, PSCs provide for respective rights, obligations and benefits of the Government and the contractors.